

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the Matter of)	
)	
Lifeline and Link Up Reform and Modernization)	WC Docket No. 11-42
)	
Telecommunications Carriers Eligible for Universal Service Support)	WC Docket No. 09-197
)	
Connect America Fund)	WC Docket No. 10-90
)	
)	

To: The Commission

COMMENTS OF FRONTIER COMMUNICATIONS

Kathleen Q. Abernathy
A.J. Burton
Frontier Communications
2300 N Street, N.W., Suite 710
Washington, D.C. 20037
(202) 223-6807

August 31, 2015

TABLE OF CONTENTS

I.	INTRODUCTION AND SUMMARY	1
II.	THE LIFELINE PROGRAM SHOULD BE MODERNIZED TO SUPPORT BROADBAND INTERNET ACCESS SERVICE	3
III.	THE COMMISSION SHOULD REDUCE ADMINISTRATIVE BURDENS AND STREAMLINE PROVIDER PARTICIPATION TO INCREASE COMPETITION AND CONSUMER CHOICE	6
	A. The Commission Should Remove the Responsibility for Conducting Eligibility Determinations From Providers and Shift That Function to a Third Party.	6
	B. The Commission Should Provide Consumers With a Portable Lifeline Benefit That Could be Used With any Lifeline Provider.	8
	C. The Commission Should Not Impose Additional Administrative Obligations Obviated or Mooted by These Reforms.	8
IV.	THE COMMISSION SHOULD NOT ADOPT SERVICE STANDARDS FOR LIFELINE SERVICES	9
V.	CONCLUSION	11

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the Matter of)	
)	
Lifeline and Link Up Reform and Modernization)	WC Docket No. 11-42
)	
Telecommunications Carriers Eligible for Universal Service Support)	WC Docket No. 09-197
)	
Connect America Fund)	WC Docket No. 10-90
)	

To: The Commission

COMMENTS OF FRONTIER COMMUNICATIONS

I. INTRODUCTION AND SUMMARY

Frontier Communications Corporation (“Frontier”) applauds the Commission for undertaking a thorough reform of the federal Lifeline program and supports the Commission’s efforts in the *Second Lifeline Reform NPRM*¹ to modernize and improve the program. As the Commission notes, “it is past time for a fundamental, comprehensive restructuring of the program.”² Frontier agrees with Commissioner Clyburn that it is time to “launch a 21st century program that will provide households that have fallen on hard times, more hope, more options and more opportunities.”³

When the Lifeline program was originally established in 1985, the Commission recognized the essential nature of telephone service for consumers. Given the development of

¹ *Lifeline and Link Up Reform and Modernization*, Second Further Notice of Proposed Rulemaking, Order on Reconsideration, Second Report and Order, and Memorandum Opinion and Order, WC Dkt. No. 11-42, FCC 15-71 (June 22, 2015) (“*Second Lifeline Reform NPRM*”).

² *Id.* ¶ 8.

³ *Second Lifeline Reform NPRM*, Statement of Commissioner Mignon Clyburn, at 1.

the Internet over the last 30 years and the widespread deployment of high-speed broadband networks since the initiation of the Lifeline program, as well as the increasing importance of the Internet in every aspect of American life, Frontier strongly supports the Commission's proposal to include broadband Internet access service in the Lifeline program. While Frontier appreciates the efforts of some states that have already created broadband adoption programs, establishing a uniform federal Lifeline program will ensure that *every* American has a chance to participate in today's Internet-driven economy and take advantage of the many benefits of broadband – for education, healthcare, access to government services, employment and a host of other reasons. Frontier has been and remains committed to extending the reach of its broadband infrastructure throughout its service territory, including to rural customers that have yet to benefit from high-speed broadband service.⁴ But for far too many low-income Americans, simply having access to a broadband network does not equal the ability to take advantage of it. Thus, Frontier supports the Commission's intent to modernize the Lifeline program and create a uniform national program to assist low income consumers.

In transitioning the program to support broadband, Frontier encourages the Commission to take steps to simplify the program and reduce administrative burdens wherever possible, for consumers and providers. In particular, Frontier strongly supports the Commission's proposal to remove the responsibility for conducting Lifeline eligibility determinations from providers through the establishment of a centralized third-party verification administrator. Doing so will substantially reduce opportunities for fraud and abuse while streamlining the administration of the program for providers. Additionally, Frontier supports consideration of distributing Lifeline

⁴ See e.g., Letter from John Lass, Executive Vice President, Field Operations, Frontier Communications Corporation, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 10-90 (filed June 15, 2015) (accepting over \$283 million annually in Connect America Fund Phase II support to deploy high-speed broadband service to over 650,000 locations).

benefits directly to the consumer, enabling the consumer to spend a portable benefit on any voice or broadband service that meets their needs.

These reforms would remove the need to consider most of the other administrative issues raised in the *Second Lifeline Reform NPRM*. Thus, the Commission need not impose new de-enrollment or certification requirements or any other new rules that could deter enrollment and increase the burden on providers in an attempt to fix perceived problems with the current program. Instead, the Commission should focus its energy on forward-looking reforms designed to reduce burdens, increase provider participation, and create more opportunities for low-income consumers. Finally, the Commission should not impose any specific service standards for Lifeline services. With a full range of Lifeline service and technology options available to consumers in an increasingly competitive market, they should be able to choose affordable services that best meet their needs, not a Lifeline-specific offering.

II. THE LIFELINE PROGRAM SHOULD BE MODERNIZED TO SUPPORT BROADBAND INTERNET ACCESS SERVICE

Frontier supports the Commission’s proposal “to include broadband Internet access service . . . as a supported service in the Lifeline program.”⁵ As the Commission points out, broadband Internet access service plays an increasingly vital role in the lives of low-income Americans, providing access to education, health services, employment opportunities, and government agencies. Those consumers lacking online connections are increasingly cut off from basic participation in American society and the economy.⁶

⁵ *Second Lifeline Reform NPRM* ¶ 61.

⁶ *Id.* ¶¶ 4-7, 17-31.

A recent Census Bureau Survey found that over a quarter of U.S. households do not subscribe to high-speed Internet access.⁷ In the absence of home Internet access service, low-income Americans are increasingly dependent on smartphones to access online services. The Pew Research Center reports that 13 percent of American adults with an annual household income of less than \$30,000 per year – “low-income households” – are “smartphone-dependent,” while just one percent of Americans from households earning \$75,000 or more per year – “high-income households” – rely on their smartphones to a similar extent.⁸ Twenty-four percent of adults from low-income households report that they have few options for getting online other than their smartphones, compared with only five percent of adults from high-income households, and an additional 19 percent of adults with smartphones in low-income households report that they have no Internet access at home, compared to just three percent of adults from high-income households.⁹

Compared with smartphone owners from high-income households, those from low-income households are nearly twice as likely to use a smartphone to look for information about a job.¹⁰ Users in low-income households are also more likely to use their smartphones to get information about a health condition than users in high-income households.¹¹ This data underscores the need to ensure that low-income consumers enjoy access to online services in

⁷ See News Release, *Census Bureau’s American Community Survey Provides New State and Local Income, Poverty, Health Insurance Statistics* (Sept. 18, 2014), available at <http://www.census.gov/newsroom/press-releases/2014/cb14-170.html> (finding that 73.4 percent of households subscribe to the Internet).

⁸ Aaron Smith, *U.S. Smartphone Use in 2015*, Pew Research Center at 3 (Apr. 1, 2015), available at <http://www.pewinternet.org/2015/04/01/us-smartphone-use-in-2015> (“U.S. Smartphone Use”).

⁹ *Id.* at 18.

¹⁰ *Id.* at 21.

¹¹ *Id.*

order to fully participate in American society. Their relatively greater dependence on smartphones highlights the absence of other sources of online access available at affordable prices.¹² As Commissioner Rosenworcel points out, “[W]hile low-income families are adopting smartphones with Internet access at high rates, let me submit to you that a phone is just not how you want to research and type a paper, apply for jobs, or further your education.”¹³ Wireless Internet access is important for low-income consumers, but it should not be the only way to access the Internet.

Frontier appreciates the efforts of state broadband adoption programs as well as service provider and non-governmental organization initiatives, but they are not ubiquitous, they are not uniformly applied, and the benefits for consumers and provider participation requirements can vary substantially. This can be confusing for consumers and administratively difficult for providers. Including broadband Internet access service in the Lifeline program will ensure that, rather than depending on ad hoc local or service provider programs with different requirements and characteristics, all low-income Americans will have access to online services under a single federal program with simple, uniform requirements and benefits. Providing support for consumers to purchase the broadband services (and/or voice) that meet their needs will help close the broadband gap between low-income consumers and all other Americans.

¹² See *Second Lifeline Reform NPRM* ¶ 7.

¹³ Remarks of Commissioner Jessica Rosenworcel, “Taking the Pulse of the High School Experience in America,” Hispanic Heritage Foundation, April 29, 2015, *available at* https://apps.fcc.gov/edocs_public/attachmatch/DOC-333274A1.pdf.

III. THE COMMISSION SHOULD REDUCE ADMINISTRATIVE BURDENS AND STREAMLINE PROVIDER PARTICIPATION TO INCREASE COMPETITION AND CONSUMER CHOICE

A number of the proposals in the *Second Lifeline Reform NPRM* would greatly streamline and reduce the administrative burdens of the Lifeline program while simultaneously reducing the potential for waste, fraud and abuse. These proposals should be pursued. In particular, having eligibility determinations processed by a third-party verifier would vastly improve the efficiency of the program.

A. The Commission Should Remove the Responsibility for Conducting Eligibility Determinations From Providers and Shift That Function to a Third Party.

Frontier supports the Commission's goal of "shifting the burden of determining consumer eligibility for Lifeline support from the provider."¹⁴ Under the current system, providers have been required to act as independent verification agencies and to navigate a patchwork of state processes and systems. Each Lifeline provider applies its own practices and protocols for making these administrative determinations. As a result, providers have taken on responsibilities that are fundamentally separate from their core functions as telecommunications carriers, requiring them to handle consumers' private financial information in a retail environment that is hardly conducive to such an exchange. It also means that consumers are forced to hand over very sensitive personal information to private companies rather than to a trusted government agency or a single third-party administering the program on behalf of the government. Frontier is aware of no other federal benefits program that is administered in this manner.

Frontier accordingly supports the Commission's proposal to take the responsibility for conducting Lifeline subscriber eligibility determinations away from the Lifeline service

¹⁴ *Second Lifeline Reform NPRM* ¶ 3; see also *id.* ¶ 63.

providers and to shift it to a trusted third-party verifier. Centralizing eligibility determinations in a single disinterested entity, with uniform standards, practices and procedures, will help to standardize and streamline the eligibility process and reduce waste, fraud and abuse in the Lifeline program.¹⁵ This streamlining will also generate efficiencies in program administration and reduce the time and costs incurred by Lifeline providers.

In order to maximize the efficiencies of this reform, the third-party verifier also should be required to review customers' certification forms and take responsibility for all of the steps necessary to recertify subscribers.¹⁶ As part of determining eligibility, the third-party verifier also should have primary responsibility for ensuring that consumers do not receive duplicative support through direct coordination with the existing National Lifeline Accountability Database ("NLAD").¹⁷ It would also be useful to permit customers to directly interface with the third-party verifier, thereby enabling them to submit all required eligibility documentation and obtain approval for Lifeline service and removing providers from the enrollment process.

Shifting all of these responsibilities to a neutral third party would not only streamline the Lifeline program, but would also free service providers to focus on their core competencies, including providing innovative and competitive services to consumers. Centralizing this function in a single neutral entity also would promote the nationwide uniformity and other benefits that consumers would derive from a federal Lifeline program that included broadband services. Finally, as discussed below, having a neutral third party conduct eligibility determinations would also generate efficiencies by mooted or obviating other administrative issues raised in the *Second Lifeline Reform NPRM*.

¹⁵ *Id.* ¶ 63.

¹⁶ *Id.* ¶¶ 64-65, 86.

¹⁷ *See id.* ¶ 87.

B. The Commission Should Provide Consumers With a Portable Lifeline Benefit That Could be Used With any Lifeline Provider.

Similarly, distributing Lifeline benefits directly to consumers, which they could use to purchase services from any provider, would relieve providers of the administrative obligations accompanying distribution of funds to providers.¹⁸ Portable Lifeline benefits also would facilitate greater consumer choice by increasing the number and types of service offerings available. Consumers would be free to try different services and service packages, as well as different technology platforms, that are more compatible with their budgets and needs. A portable benefit also would make participation in the Lifeline program more attractive for service providers, thereby increasing consumer choice and stimulating competition.

Eliminating Lifeline providers' role in transferring benefits to consumers also would be consistent with shifting responsibility for eligibility verification from providers to a neutral third party. Both of these reforms would reduce Lifeline providers' administrative burdens and costs, streamline the program, and put consumers in the driver's seat.

C. The Commission Should Not Impose Additional Administrative Obligations Obviated or Mooted by These Reforms.

As a general matter, the Commission should attempt to remove service providers from as many direct consumer facing responsibilities as possible, instead relying on neutral third-party systems, including the NLAD and an eligibility verifier as discussed above. The most efficient and consumer-friendly system would be one in which providers were not directly involved in the enrollment (including eligibility verification) or de-enrollment process. All of these functions would be better handled by neutral third-party systems with the distribution of Lifeline benefits directly to the consumer. Doing so would obviate or moot the need for a number of

¹⁸ See *Second Lifeline Reform NPRM* ¶¶ 104-10.

administrative issues raised in the *Second Lifeline Reform NPRM*. For example, by removing Lifeline providers from the eligibility verification and enrollment processes, there is no need for new de-enrollment procedures as contemplated in the *Second Lifeline Reform NPRM*.¹⁹ As the Commission suggests, it would be more efficient to combine eligibility verification and enrollment functions in the same entity.²⁰

Similarly, once eligibility and enrollment functions are the responsibility of a neutral third party, there would be no need to require Lifeline providers to submit certifications that all relevant employees have received training in enrollment and eligibility recertification procedures and rules.²¹ These and other proposals imposing new certification and other obligations on Lifeline providers would be contrary to the primary and positive thrust of the *Second Lifeline Reform NPRM*, which is to streamline the Lifeline program by centralizing administrative functions, thereby freeing providers to focus on the provision of services. Such superfluous obligations should not be imposed. Instead, the Commission should focus its energy on forward-looking reforms designed to reduce burdens and increase participation in the program by providers to create more opportunities for low-income consumers.

IV. THE COMMISSION SHOULD NOT ADOPT SERVICE STANDARDS FOR LIFELINE SERVICES

The *Second Lifeline Reform NPRM* seeks comment on whether minimum service standards should be established for Lifeline services.²² Rather than mandating Lifeline-specific service offerings, the Commission should implement a system that allows consumers to benefit from the marketplace, just like every other consumer, by being able to use the Lifeline benefit on

¹⁹ See *id.* ¶¶ 147-53 (proposing new de-enrollment requirements for Lifeline providers).

²⁰ See *id.* ¶¶ 92-103.

²¹ See *id.* ¶¶ 210-15 (proposing new Lifeline provider training certification requirements).

²² *Id.* ¶¶ 15-62.

any voice or broadband service that meets their needs. Establishing minimum service standards and requiring certifications from carriers confirming that they meet such standards would increase administrative burdens for providers, thereby providing disincentives for participation. It would also interfere with low-income consumers' ability to choose the services that meet their needs, which will vary widely, depending on their individual circumstances. Particularly with regard to broadband services, such standards could potentially conflict with the market realities of low-income consumer adoption and usage by establishing speed, capacity and other standards at levels that are unachievable for services that are affordable for low-income consumers, even with Lifeline benefits.

The Low-income Broadband Pilot Program data show that low-income consumers are more likely to purchase broadband services if provided a sufficient subsidy to overcome affordability concerns.²³ Importantly, when given a choice among service plans, they were willing to pay for broadband service, but tended to choose more modest and affordable speeds and data allowances.²⁴ Thus, including broadband in the Lifeline program will meet a real need and respond to low-income consumers' willingness to purchase broadband service at affordable rates. However, broadband services that meet the needs and fit the budgets of low-income consumers might be precluded by one-size fits all broadband service standards.

Because there is no need for minimum service standards, there is also no need for a new certification requirement regarding service standards.²⁵ Like the other proposed certification

²³ Federal Communications Commission, Wireline Competition Bureau, Low-income Broadband Pilot Program Staff Report, WC Docket No. 11-42, DA 15-624 (WCB 2015) ("Broadband Pilot Report").

²⁴ *Id.* at 2 (Executive Summary).

²⁵ *See id.* ¶ 51 (proposing new certification requirement regarding service standards).

requirements discussed above, a service standard certification requirement would be inconsistent with the streamlining reforms proposed in the *Second Lifeline Reform NPRM*.

V. CONCLUSION

The Commission should modernize the Lifeline program to support broadband, adopt its proposal to shift the eligibility verification responsibility from Lifeline providers to a neutral third-party administrator, and consider how Lifeline benefits can most effectively be distributed directly to consumers. The Commission should focus on forward-looking steps to improve the program and not impose new burdensome obligations designed to address problems of the old program.

Respectfully submitted,

FRONTIER COMMUNICATIONS

By: /s/
Kathleen Q. Abernathy
A.J. Burton
Frontier Communications
2300 N Street, N.W., Suite 710
Washington, D.C. 20037
(202) 223-6807

August 31, 2015